

COMMITTEE ON GOVERNMENT REFORM

TOM DAVIS, CHAIRMAN



MEDIA ADVISORY

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Davis To Examine DHS Contracting Weaknesses

What: Government Reform Committee Hearing,
“Code Yellow: Is the DHS Acquisition Bureaucracy
a Formula for Disaster?”

When: THURSDAY, July 27, 2006, 10:00 A.M.

Where: ROOM 2154, RAYBURN HOUSE OFFICE BUILDING

Background: Created in 2002, the Department of Homeland Security is comprised of various agencies with missions both complex and critical to the national defense.

These multiple and varied missions are enhanced by an enormous array of goods and services provided under contracts valued at around \$10 billion – acquisitions that range from information systems, cutting-edge technologies, and sophisticated technical support services to mundane items like bottled water and MREs.

But, much like the Byzantine organizational structure of DHS itself, the department’s diverse acquisition needs are supported by a disjointed acquisition management structure that stretches across various offices and lacks a single official responsible for managing, administering, and overseeing all DHS acquisition activities. The department also suffers from a lack of trained and skilled acquisition professionals.

Predictably, this lack of accountability and control has unleashed a seemingly endless succession of disastrous acquisitions at the department. These include: a \$104 million Transportation Security Administration contract to train airport screeners that ballooned into a cost of more than \$700 million; airport bomb-detection machines that continually produce

false alarms; billion-dollar technology contracts that have yet to provide basic information technology and a telecommunications infrastructure for many of our nation's airports; and of course, the Federal Emergency Management Agency's Katrina-related fiascos.

Just last week, the Government Accountability Office pointed out that DHS's weak control environment exposed the department to fraud and abuse in the use of purchase cards during the hurricane relief efforts (GAO-06-957T).

Chairman Davis has long been concerned about DHS's acquisition challenges, both as the head of the Government Reform Committee and as chairman of the House Select Bipartisan Committee to Investigate the Preparation for and Response to Hurricane Katrina.

At Thursday's hearing, the Committee's examination will focus on a lengthy review of documents relating to many of the most significant acquisitions DHS has conducted since its inception. Through a formal document request, the Committee obtained copies of all audits, reports, and other assessments that raise questions about contractor cost estimates, billings, accounting or estimating systems, and performance. In five separate productions, DHS produced 196 unique oversight documents – 149 of which were prepared by the Defense Contract Audit Agency (DCAA) – amounting to 6,818 pages.

The Committee hopes to hear witnesses' views on these troubled acquisitions and the root causes of these problems. The Committee is particularly concerned that there is a lack of clear accountability in DHS's disjointed acquisition structure and hopes to gain insight on what can be done to address these deficiencies.

These weaknesses have long been recognized. DHS has attempted to address its acquisition shortcomings, with little success. For example, an October 2004 management directive tasked the department's Chief Procurement Officer with the responsibility to oversee all acquisition activity across DHS. However, there was little enforcement of the directive, and it has not resulted in the creation of a single accountable official actually in charge of acquisition department-wide.

Even with an ideal management structure, DHS's acquisition function would doubtless have some problems, given its large number of critical responsibilities that require high-risk, state-of-the-art solutions. The department's inability to put into place an effective management structure has only worsened the problems.

Witnesses:

Panel I

Mike Sullivan, Director, Acquisition Sourcing and Management, Government
Accountability Office

Elaine Duke, Chief Procurement Officer, Department of Homeland Security
accompanied by:

John Ely, Chief Procurement Officer, Customs and Border Protection and

Richard Gunderson, Acting Assistant Administrator for the Office of Acquisition,
Transportation Security Administration

David M. Zavada, CPA, Assistant Inspector General, Office of Audits, Department of
Homeland Security

Panel II

Clark Kent Ervin, Director, Homeland Security Initiative, The Aspen Institute, and
former Inspector General for DHS.

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